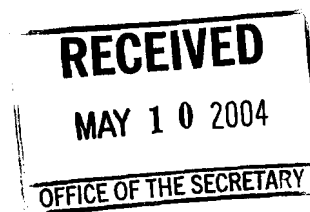


Craig R. Mohr

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May 6, 2004

Mr. Jonathon Katz, Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

Re: File No. S7 09-04

Dear Sir or Madam:

This letter is in response to the above referenced proposal for the "Prohibition on the Use of Brokerage Commissions to Finance Distribution" and related proposals to rescind and otherwise eliminate 12(b)-1 fees.

Please allow me to introduce myself. My name is Craig R. Mohr. I am a Registered Representative in Virginia and do most of my business selling (life) insurance. I also sell mutual funds and annuities. I have been in this industry for over 18 years.

I currently have just over \$1 million in clients' mutual funds. They number about 40. I receive about \$2,500/year in 12(b)-1 fees. From this, my broker-dealer actually pays me about \$2,125/year. I estimate that after business expenses and taxes, I make about half of this: \$1,062. This is spread out over 40 clients whose accounts are of varying amounts and all of whom are either in need of a phone call annually to a complete in-person review of their account, their changing financial picture and so on. This means that I actually clear about \$26 per client, per year for this purpose.

Is this excessive?

One question is why would the fund companies pay 12(b)-1 fees to brokers if they saw no value in it? Are they stupid with their money? Are they are the mercy of brokers since few channels of distribution are available, as you proposed? I hardly think that either of these apply.

Any American can own a mutual fund today if they wish to. There are many channels of distribution available. The real question is which are the most efficient. The fund industry has happily or not so happily concluded that brokers, who can prospect and service individuals far better than a "1-800" number, can do the job best.

Eliminating 12(b)-1 fees that assure that the brokers are at least minimally compensated for service after the sale would cause *real* conflicts of interest. This term, "conflicts of interest" is a term used often, repeatedly and offensively throughout your proposal. But the real conflict is one that will surface if this proposal sticks. Some brokers who are only compensated for selling through a sales load

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(commission) may look to churn the business. This genuinely hurts the client, the new fund, the old fund, and the economy in general. It also helps to create (or at least nurture) a monster.

It might not be right but often, sadly, it can be human nature. This is the single biggest problem that your proposal will create. Perhaps with the best of intentions in helping the client, you will, albeit indirectly, be harming them.

Another issue raised by your proposal is “transparency” of all fees on the clients’ annual statements. While I discuss fees with all clients and am happy to make sure that they can find detailed information in the prospectus, I feel that printing these fees on every quarterly statement will only slap the client in the face. First, they have access to the information if they want it. However, putting it on the statements would make them focus on the wrong thing. Instead of watching the performance of the fund, they would watch the fees and possibly be angered by them. Why? Because many do NOT understand the costs that I have. If you give the shareholder a choice of eliminating a (12(b)-1) fee, they probably would. Why not eliminate all fees? But without them, they would not have the product or the service.

I understand the responsibility of the SEC and other regulatory agencies have in protecting the public against abuses. I also understand that many people charged with this responsibility walk into their office daily only to find complaint letters for wrongs both real and merely perceived. It would be easy to think that many brokers are evil, greedy wrong-doers, when, in fact, just the opposite is the case.

You have probably been pumping Exxon gasoline into your car for years without a single incident. Yet, when was the last time you wrote to the company or the agencies responsible for overseeing the industry with a complimentary letter? Same concept applies to our industry.

Many industry experts like the notion of “fee-based” financial planning. However, this has not caught on with most of the public. Few of my clients would probably pay me an on-going fee directly out of their own pockets. But all like the products and service that I offer. The industry has recognized this and used the 12(b)-1 fees to help all involved.

I don’t apologize to clients or anyone else about the fees that I earn for my services. I earn them and then some. I have a right to provide a service to the best of my ability, in a very ethical way and ask that I be paid a fee. I believe that fees should be disclosed. But constantly focusing on fees for a product or service which is optional (this is not like paying a lawyer, a doctor or a grocer, and should not be conceptually compared as being remotely similar.) will anger clients, make my job harder and hurt the economy. It will hurt the ability for corporations to raise much needed capital. It will hurt the global economy, not just ours. Ultimately, it will hurt the very public that you seek to protect.

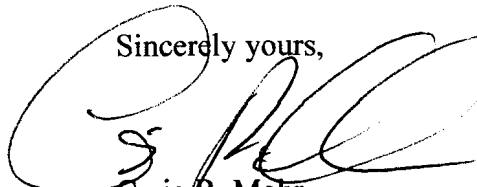
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Please reconsider this proposal. My suggestion would be prosecute those who break the laws, rather than take a shot-gun approach that unduly hurts us all. Accordingly, I am attaching a recent CNN/Money article about Alan Greenspan urging the same thing.

Sincerely yours,



Craig R. Mohr

CC: Senator George F. Allen
Representative Jo Ann S. Davis



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Greenspan: punish the sinners

Says Wall Street misdeeds can undermine financial markets, but calls for caution in reforms.

April 16, 2004: 8:32 AM EDT

WASHINGTON (Reuters) - Sinners on Wall Street should be "expeditiously punished" lest they start to erode the foundations of trust on which U.S. financial markets are built, Federal Reserve Chairman Alan Greenspan said Friday.

However, the Fed chief warned that in rewriting rules and practices that are no longer effective to address the recent run of Wall Street scandals, rule-makers must be careful not to inflict "collateral" damage.

"Recent allegations on Wall Street of breaches of trust or even legality, if true, could begin to undermine the very basis on which the world's greatest financial markets thrive," said Greenspan in remarks prepared for delivery via satellite to a Atlanta Federal Reserve conference in Sea Island, Georgia.

A copy of his speech was released in Washington.

"Some practices and rules have outlived their usefulness and require updating. But in so doing we need to be careful not to undermine the paradigm that has so effectively governed voluntary trade," Greenspan said. ■

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